

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: _____

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

MARCH 2017 POST-EFFECTIVE OPERATING REPORT

MARCH 1, 2017 – APRIL 6, 2017

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: April 28, 2017

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SCHEDULE OF DEBTORS

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed (“Commencement Date”)
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and Docket No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009	12/15/2016
Merit LLC.....	09-17331	12/14/2009	12/15/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company’s previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED ENTITIES

**BASIS OF PRESENTATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
MARCH 1, 2017 – APRIL 6, 2017**

The information and data included in this March 2017 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

Other items:

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
 - Cash posted as collateral for hedging activity; and
 - Cash held at third party real estate asset managers.

5. Restricted cash balances are based on preliminary estimates and are comprised of the following items as of April 6, 2017:

(\$ in millions)	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
Reserves for Claims:							
Disputed unsecured claims ⁽¹⁾	\$ 1,028	\$ 792	\$ -	\$ 146	\$ 1,966	\$ -	\$ 1,966
Distributions on Allowed Claims (not remitted)	10	0	0	1	11	-	11
Secured, Admin, Priority Claims and Other	58	39	7	12	115	-	115
Subtotal, Claims Reserves	1,096	831	7	159	2,092	-	2,092
Citigroup ⁽²⁾	2,008	-	-	-	2,008	-	2,008
Other ⁽³⁾	175	1	0	23	199	26	225
Total	\$ 3,278	\$ 833	\$ 7	\$ 182	\$ 4,300	\$ 26	\$ 4,325

Totals may not foot due to rounding.

- (1) Represents the cash reserve for the principal amount of disputed unsecured claims subsequent to the twelfth Plan Distribution on April 6, 2017.
- (2) Represents cash deposited prior to the Commencement Date by the Company in connection with certain requests and/or documents executed by the Company and Citigroup Inc. ("Citigroup"). The Company commenced litigation against Citigroup regarding these deposits.
- (3) Includes: (i) various pre-petition balances on administrative hold by Citigroup of \$85 million, (ii) misdirected wires and other cash received by LBHI for the benefit of third parties and Non-Controlled Affiliates of \$54 million, and (iii) other miscellaneous items of \$86 million.

Restricted cash balances herein do not include other cash balances retained for operating expenses, asset preservation and other commitments.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
March 1, 2017 - April 6, 2017

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

			Debtors			Debtor-Controlled Entities	Total Debtors and Debtor-Controlled Entities	
		LBHI	LBSF	LCPI	Other	Total	Total	
Beginning Free Cash and Investments (03/01/17)		\$ 98	\$ 86	\$ 346	\$ 322	\$ 852	\$ 249	\$ 1,101
Sources of Cash								
Commercial Real Estate		14	-	0	-	14	0	14
Loans (Corporate and Residential)		4	-	24	-	28	0	28
Private Equity / Principal Investing		0	-	-	-	0	3	4
Derivatives		-	6	-	-	6	(0)	6
Receipts from Affiliates	(a)	709	10	0	0	720	0	720
Other	(b)	908	1	2	0	912	3	915
Total Sources of Cash		1,635	18	27	1	1,680	7	1,687
Uses of Cash								
Non-Operating								
Commercial Real Estate		(1)	-	(2)	-	(2)	(0)	(2)
Private Equity / Principal Investing		(0)	-	-	-	(0)	-	(0)
Other		(17)	-	-	-	(17)	(0)	(17)
Operating Expenses								
Compensation and Benefits	(d)	(4)	-	-	-	(4)	(0)	(4)
Professional Fees	(e)	(10)	(0)	-	-	(10)	(0)	(10)
Other		(3)	(0)	(0)	(0)	(3)	(0)	(3)
Total Uses of Cash		(35)	(0)	(2)	(0)	(36)	(1)	(37)
Total Cash From Operations		1,600	18	25	1	1,643	6	1,649
Pre-Petition Inter-Company Receipts		35	0	44	-	79	2	81
Post-Petition Inter-Company Receipts		48	49	20	120	238	6	243
Dividend Receipts		51	-	13	-	64	3	67
Total Inter-Company Transfers Receipts	(f)	134	49	78	120	381	10	391
Pre-Petition Inter-Company Disbursements		-	-	-	-	-	(81)	(81)
Post-Petition Inter-Company Disbursements		(94)	(14)	(67)	(53)	(227)	(16)	(243)
Dividend Disbursements		-	-	-	-	-	(67)	(67)
Total Inter-Company Transfers Disbursements	(f)	(94)	(14)	(67)	(53)	(227)	(164)	(391)
Plan Distributions	(g)	(2,174)	(178)	(375)	(127)	(2,854)	(1)	(2,855)
Receipts of Plan Distributions from Debtors	(h)	423	18	16	29	486	62	548
Payments to Creditors - Other		(17)	-	-	-	(17)	-	(17)
Total Payments to Creditors		(1,768)	(160)	(359)	(98)	(2,385)	61	(2,324)
Other		1	0	(0)	0	1	0	1
Reclass from/(to) Restricted Cash to Free Cash		62	38	(5)	(5)	90	(0)	90
Net changes in Free Cash and Investments		(64)	(68)	(329)	(35)	(496)	(87)	(584)
Ending Free Cash and Investments (04/06/17)		34	18	17	286	356	161	517
Beginning Restricted Cash (03/01/17)		3,341	871	1	177	4,390	25	4,415
Disputed unsecured claims		(61)	(62)	(0)	0	(123)	-	(123)
Distributions on Allowed Claims (not remitted)		1	(0)	0	0	1	-	1
Secured, Admin, Priority Claims and Other		(2)	24	6	4	32	-	32
Other		0	-	(0)	0	(0)	0	0
Net Changes in Restricted Cash		(62)	(38)	5	5	(90)	0	(90)
Ending Restricted Cash (04/06/17)		3,278	833	7	182	4,300	26	4,325
Beginning Total Cash and Investments (03/01/17)		3,439	956	347	499	5,242	274	5,516
Net changes in Free Cash and Investments		(64)	(68)	(329)	(35)	(496)	(87)	(584)
Net changes in Restricted Cash		(62)	(38)	5	5	(90)	0	(90)
Ending Total Cash and Investments (04/06/17)	(i)	\$ 3,313	\$ 850	\$ 24	\$ 468	\$ 4,655	\$ 187	\$ 4,842

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0". Totals may not foot due to rounding.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
March 1, 2017 - April 6, 2017

Unaudited (\$)

Notes:

- (a) Receipts from Non-Controlled Affiliates include the following:

(\$ in millions)	LBHI	LBSF	LCPI	Other Debtors	Debtor-Controlled Entities	Total
Lehman Brothers Bankhaus A.G. ("Bankhaus") ⁽ⁱ⁾	\$ 265	\$ -	\$ -	\$ -	\$ -	\$ 265
Lehman Brothers Asia Pacific (Singapore) PTE	228	-	-	-	-	228
Lehman Brothers Securities Asia Limited	90	-	-	0	-	90
Lehman Brothers Treasury Co. B.V. ("LBT") ⁽ⁱⁱ⁾	32	10	-	0	-	43
Lehman Brothers Finance S.A.	36	-	-	-	-	36
Lehman Brothers Futures Asia Limited	18	-	-	-	-	18
LB RE Financing No.3 Limited	9	-	-	-	-	9
Lehman Brothers (Luxembourg) Equity Finance S.A.	9	-	-	-	-	9
Lehman Commercial Mortgage Conduit Limited	8	-	-	-	-	8
Lehman Brothers (PTG) Limited	7	-	0	-	-	7
Stepstone Mortgage Funding Ltd	3	-	-	-	-	3
Thayer Properties Ltd	3	-	-	-	-	3
Lehman Brothers Asia Limited	0	-	-	0	0	0
	\$ 709	\$ 10	\$ 0	\$ 0	\$ 0	\$ 720

(i) Receipts at LBHI primarily relate to direct claims against Bankhaus that were assigned to LBHI as a result of the Bankhaus Creditors' Settlement (refer to the Quarterly Financial Report as of June 30, 2016 [Docket No. 53697] for additional information).

(ii) Pursuant to agreements with LBT, LBSF and LBCS, LBHI deducted and withheld approximately \$43 million from its twelfth Plan Distribution ("Withheld Distributions") due from LBHI to LBT to offset amounts due to LBHI, LBSF and LBCS from LBT. The Withheld Distributions were then distributed to LBSF, LBCS and LBHI for inclusion in their respective twelfth Plan Distributions.

- (b) Other primarily includes (i) cash collection of \$797.5 million at LBHI related to the settlement agreement with JP Morgan Chase Bank N.A. (refer to the Quarterly Financial Report as of December 31, 2016, Docket No. 55127, for additional information on the settlement agreement), (ii) net variation margin of \$16 million and \$1 million at LBHI and LCPI, respectively, received by the Company pursuant to its foreign currency hedging programs related to various movements in the Euro, British Pound and Swiss Franc versus the US Dollar between March 1 and March 17, 2017, and (iii) return of collateral of \$86 million and \$1 million at LBHI and LCPI, respectively, related to the Company's foreign currency hedging programs. As disclosed in the February 2017 Post-Effective Operating Report [Docket No.55128], the Company terminated its foreign currency hedging programs in the week beginning March 13, 2017.
- (c) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.
- (d) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).
- (e) The Company will no longer provide the "Schedule of Professional Fee and Expense Disbursements" in the Post-Effective Operating Report.
- (f) Inter-Company Receipts and Disbursements include (i) a loan from LBFP to LBSF of \$32 million, secured by LBSF assets, (ii) an intercompany transfer of \$10 million from LCPI to LBSF through LBFP, which (a) partially reduced an outstanding loan from LBFP to LCPI, and (b) increased an outstanding loan from LBFP to LBSF, (iii) a loan from LBDP to LBHI of \$20 million, secured by LBHI assets, (iv) an investment of \$3 million of LBSF's cash reserves for disputed claims in a secured note issued by LBHI, (v) partial repayments by LBHI to LBCC and LOTC of \$25 million and \$17 million, respectively, related to outstanding loans, (vi) partial repayment by LCPI to LBFP of \$52 million, related to an outstanding loan, and (vii) partial repayments on intercompany balances, dividend distributions, settlement of costs allocation, and other administrative activities.
- (g) Plan Distributions include distributions to holders of Allowed Claims and distributions related to Plan Adjustments from Participating Subsidiary Debtors (refer to Notice Regarding Twelfth Distribution [Docket No. 55129] for additional information). These amounts also include Withheld Distributions from LBHI to LBT of \$43 million, as described above in footnote (a).
- (h) Receipts of Plan Distributions from Debtors are distributions to Debtors and Debtor-Controlled Entities.
- (i) Ending Total Cash and Investments for Debtor-Controlled Entities - Other includes \$10 million of cash balances at Debtor-Controlled Entities in Asia.